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Date: APR 5 1978 By: 013 U.S.

CENTRAL INTELLIGENCE GROUP
INTELLIGENCE REPORTCOUNTRY China
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DATE:

INFO. See below

SUBJECT

DIST. 18 August 1947

ORIGIN
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SUPPLEMENT

1. Colleges and high schools are not open in Dairen, but the primary schools are open and elementary Communist doctrine is taught there. (Former ?) college students are described as thoroughly indoctrinated with Communist theory and are taking "intensive training."

2. The Chi Kung Association (計公總會) has as its function the liquidation and re-allocation of private property. Its chairman is TANG Yin-chao (唐音超), a native of Shantung Province.

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3. The real administrative organization in Dairen is the Political Bureau of the Soviet Headquarters. A Chinese, LI Pi-hsin (李弼新), member of the Bureau, is superintending the Dairen municipality. LI is a Soviet citizen and a major in the Soviet Army. (See SO-7136 on Chinese Communist Government Structure and Personnel, Kuantung Peninsula.)

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4. There are three Soviet-controlled newspapers in the Dairen area: Shih Hua Pao (實話報), published by the Soviets; Port Arthur-Dairen Daily (旅大日報), published by the Dairen Municipal Government; and the Kuantung Daily (關東日報), published by the "Puppet" Kuantung Provincial Office. These newspapers continually publish anti-American articles.

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5. There is an estimated total of 7000 police in Port Arthur and Dairen and the majority are regular Chinese Communist Army soldiers.

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6. Travel permits for Port Arthur, Dairen and Chinchou were declared null and void as of 27 April 1947. The examination of permits at the Shih'o (121-51, 39-20) front has been intensified.

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7. At the end of April responsible persons of the Dairen municipality and administrative offices left the city by sailing vessels for Chiaotung (eastern Shantung). A total of 2000 persons left. Some of the important Communist members of the various offices in Dairen are hiding in stores, waiting to stage revolts after the taking-over by the Nationalist forces.

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15 May 1947

Mukden

8. In Dairen and Port Arthur there are a large number of Chinese Communists working under Soviet supervision either as laborers or office workers in private firms. These workers have been organized into an underground association called the United Communist Committee. The primary function of the Committee members is that of finding for the Soviets all gold, silver, copper, tin, and construction materials which have been hidden in the area. The Soviet commander of the Committee is Major Shahalov (Chinese phoneticization). The Chinese Communist commander is a civilian named CHOU (周).

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1 June 1947

Mukden

9. Members of the Chinese Communist Party on the Kuantung Peninsula are divided into four factions:
- Members of the Comintern (Shanghai Note: ? The International Clique; see previous reports on Dissidence in the Chinese Communist Party -- SO-6605.)
Leader: CHIH Tzu-hsiang (遲子祥), former Mayor of Dairen
 - Yenan Communists (? The Intimate or MAO Clique)
Leaders: CHEN Yun-tao (陳雲濤), former Vice Mayor of Dairen
HAN Chiang (韓江), Director of the Technical (?) Academy
 - Native Chinese, now under Soviet influence
Leader: TANG Yun-chao (唐韻超), Director of the Workingmen's Association. (See paragraph 2, TANG Yin-chao?)
 - New Fourth Army (? The Military Clique)
Leaders: CHANG Yush-hua (張嶽華)
JEN Chung-i (任仲夷)

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The Comintern faction (? members of the International Clique) has always been favored by the Soviets; however, since the Soviets needed the military power offered by the New Fourth Army, they have had to make concessions to the New Fourth Army on the peninsula. At the present time the New Fourth Army faction (? Military Clique) is the most powerful.

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